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**FRANKLIN PARISH LIBRARY**  
**Winnsboro, Louisiana**  
**Annual Financial Statements**  
**With Independent Auditor's Report**  
**As of and for the Year Ended**  
**December 31, 2011**  
**With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAY 02 2012**

**FRANKLIN PARISH LIBRARY**  
Winnsboro, Louisiana

**Annual Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended December 31, 2011  
With Supplemental Information Schedules**

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FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana  
Contents, December 31, 2011

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**MARY JO FINLEY, CPA, INC.**

*A PROFESSIONAL CORPORATION*

116 Professional Drive - West Monroe, LA 71291

Phone (318) 329-8880 - Fax (318) 329-8883

**Independent Auditor's Report**

**FRANKLIN PARISH LIBRARY**  
Winnsboro, Louisiana

I have audited the accompanying financial statements of the governmental activities and major fund of the Franklin Parish Library as of December 31, 2011, and for the year then ended, which collectively comprise the library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Franklin Parish Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

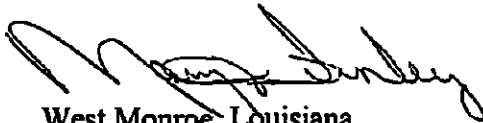
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Franklin Parish Library as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 8, the budgetary comparison information on pages 27 through 28, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**FRANKLIN PARISH LIBRARY**  
Winnsboro, Louisiana  
Independent Auditor's Report,  
December 31, 2011

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Parish Library's office basic financial statements as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the Franklin Parish Library. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated April 25, 2012, on the Franklin Parish Library's compliance with laws and regulations, and my consideration of the agency's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



West Monroe, Louisiana  
April 25, 2012

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**FRANKLIN PARISH LIBRARY**  
Winnsboro, Louisiana

**Management's Discussion and Analysis**  
December 31, 2011

As management of the Franklin Parish Library, I offer readers of the Franklin Parish Library's financial statements this narrative overview and analysis of the financial activities of the Franklin Parish Library for the fiscal year ended December 31, 2011. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the Library's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Franklin Parish Library's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

The Franklin Parish Library adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Franklin Parish Library's performance.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Franklin Parish Library exceeded liabilities by \$1,770,568. Approximately 58% of the Franklin Parish Library's net assets reflects its investment in

capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The balance in unrestricted net assets is affected by two factors: 1) resources expended, over time, by the Franklin Parish Library to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net assets

**STATEMENT OF NET ASSETS**  
**Governmental Funds**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$335,115	\$367,951
Receivables	486,619	343,868
Capital assets (not depreciated)	720,365	698,109
Capital assets (net of accumulated depreciation)	<u>297,808</u>	<u>312,030</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,839,907</u></b>	<b><u>\$1,721,958</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$2,676	\$4,393
Compensated absences payable	1,465	1,855
Deferred revenue	<u>65,198</u>	<u>60,167</u>
<b>TOTAL LIABILITIES</b>	<b><u>69,339</u></b>	<b><u>66,415</u></b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,018,173	1,010,139
Unrestricted	<u>752,395</u>	<u>645,404</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$1,770,568</u></b>	<b><u>\$1,655,543</u></b>

**STATEMENT OF ACTIVITIES**

	<u>2011</u>	<u>2010</u>
<b>Culture and recreation:</b>		
Personal services	\$311,847	\$324,378
Operating services	74,919	87,358
Materials and supplies	19,104	17,426
Travel	1,625	1,046
Intergovernmental	15,863	17,350
Depreciation expense	<u>17,378</u>	<u>24,726</u>
<b>Total Program Expenses</b>	<b><u>440,736</u></b>	<b><u>472,284</u></b>
<b>Program revenues:</b>		
Fees and charges for library services	4,947	6,397
Fines and forfeitures	6,667	5,836
Miscellaneous fees	<u>4,275</u>	<u>4,012</u>
<b>Total program revenues</b>	<b><u>15,889</u></b>	<b><u>16,245</u></b>
<b>Net Program Expenses</b>	<b><u>(424,847)</u></b>	<b><u>(456,039)</u></b>
<b>General revenues</b>		
Taxes - ad valorem	516,053	440,146
Intergovernmental:		
State revenue sharing	39,433	38,561
Other state grants		13,656
Interest earned	3,566	3,536
Special item - loss on disposal of assets	<u>(19,180)</u>	<u>(6,952)</u>
<b>Total general revenues</b>	<b><u>539,872</u></b>	<b><u>488,947</u></b>
<b>Change in Net Assets</b>	<b><u>115,025</u></b>	<b><u>32,908</u></b>
<b>Net Assets - Beginning of year</b>	<b><u>1,655,543</u></b>	<b><u>1,622,635</u></b>
<b>Net Assets - End of year</b>	<b><u>\$1,770,568</u></b>	<b><u>\$1,655,543</u></b>

## **Financial Analysis of the Government's Funds**

As noted earlier, the Franklin Parish Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2011, the General Fund unreserved, undesignated fund balance of \$753,860 showed an increase of approximately \$106,601 over December 31, 2010.

### **General Fund Budgetary Highlights**

There was no budget amendment for the year ended December 31, 2011.

### **Capital Asset and Debt Administration**

**Capital assets.** The Franklin Parish Library's investment in capital assets for its governmental activities as of December 31, 2011, amounts to \$1,018,173 (net of accumulated depreciation). This investment includes furniture and equipment, automation and library materials (which are not depreciated). The increase in capital assets for the year ended 2011 was \$44,592. The reduction in capital assets was \$19,180 for the year.

**Long-term debt.** At the end of the fiscal year, Franklin Parish Library had \$1,465 debt outstanding, consisting of compensated absences.

### **Requests for Information**

This financial report is designed to provide a general overview of the Franklin Parish Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Franklin Parish Library, 705 Prairie Street, Winnsboro, LA 71295.

**BASIC FINANCIAL STATEMENTS**

**Statement A****FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana****STATEMENT OF NET ASSETS  
December 31, 2011****ASSETS**

Cash and cash equivalents	\$335,115
Receivables	486,619
Capital assets (not depreciated)	720,365
Capital assets (net of accumulated depreciation)	<u>297,808</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,839,907</u></b>

**LIABILITIES**

Accounts payable	\$2,676
Compensated absences payable	1,465
Deferred revenue - Protested taxes	<u>65,198</u>
<b>TOTAL LIABILITIES</b>	<b><u>69,339</u></b>

**NET ASSETS**

Invested in capital assets, net of related debt	1,018,173
Unrestricted	<u>752,395</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$1,770,568</u></b>

The accompanying notes are an integral part of this statement.

## Statement B

FRANKLIN PARISH LIBRARY  
Winnsboro, LouisianaSTATEMENT OF ACTIVITIES  
December 31, 2011

Culture and recreation:	
Personal services	\$311,847
Operating services	74,919
Materials and supplies	19,104
Travel	1,625
Intergovernmental	15,863
Depreciation expense	17,378
Total Program Expenses	<u>440,736</u>
Program revenues:	
Fees and charges for library services	4,947
Fines and forfeitures	6,667
Miscellaneous fees	4,275
Total program revenues	<u>15,889</u>
Net Program Expenses	<u>(424,847)</u>
General revenues	
Taxes - ad valorem	516,053
Intergovernmental -	
State revenue sharing	39,433
Interest earned	3,566
Special item - loss on disposal of assets	(19,180)
Total general revenues	<u>539,872</u>
Change in Net Assets	115,025
Net Assets - Beginning of year	<u>1,655,543</u>
Net Assets - End of year	<u><u>\$1,770,568</u></u>

The accompanying notes are an integral part of this statement

FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana  
GOVERNMENTAL FUNDS

Balance Sheet, December 31, 2011

**ASSETS**

Cash and cash equivalents

\$335,115

Receivables

486,619

TOTAL ASSETS

\$821,734

**LIABILITIES AND FUND EQUITY**

Liabilities.

Accounts payable

\$2,676

Deferred revenue - Protested taxes

65,198

TOTAL LIABILITIES

67,874

Fund Equity - fund balances - unassigned

753,860

TOTAL LIABILITIES AND FUND EQUITY

\$821,734

The accompanying notes are an integral part of this statement.

**FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana**

**Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Assets**

**For the Year Ended December 31, 2011**

Total Fund Balances - Governmental Funds (Statement C)		<u>\$753.860</u>
Cost of capital assets	\$1,542,064	
Less Accumulated depreciation	<u>(523,891)</u>	<u>1,018.173</u>
Long term liabilities - Compensated absences payable		<u>(1.465)</u>
Net Assets (Statement A)		<u><u>\$1,770.568</u></u>

The accompanying notes are an integral part of this statement

**Statement D****FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana  
GOVERNMENTAL FUNDS****Statement of Revenues, Expenditures,  
and Changes in Fund Balances****For the Year Ended December 31, 2011****REVENUES**

Taxes - ad valorem	\$516,053
Intergovernmental revenues -	
State revenue sharing	39,433
Fees and charges for library services	4,947
Fines and forfeitures	6,667
Use of money and property - interest earnings	3,566
Other revenues	4,275
Total revenues	<u>574,941</u>

**EXPENDITURES****Culture and recreation****Current:**

Personal services	312,237
Operating services	74,919
Materials and supplies	19,104
Travel and other charges	1,625
Capital outlay	44,592
Intergovernmental	15,863
Total expenditures	<u>468,340</u>

**EXCESS OF REVENUES  
OVER EXPENDITURES**

106,601

**FUND BALANCES AT BEGINNING OF YEAR**647,259**FUND BALANCES AT END OF YEAR**\$753,860

The accompanying notes are an integral part of this statement.

**FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana**

**Reconciliation of Governmental Funds  
Statement of Revenue, Expenditures, and Changes  
in Fund Balances to the Statement of Activities**

**For the Year Ended December 31, 2011**

<b>Total net change in fund balances - governmental funds (Statement D)</b>	<b>\$106,601</b>
 <b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>	
<b>Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.</b>	<b>27,214</b>
<b>Governmental funds do not report gain or loss on disposition of assets. However, in the Statement of Activities, any gain or loss on the disposal of assets is reported.</b>	<b>(19,180)</b>
<b>In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</b>	<b><u>390</u></b>
<b>Change in net assets of governmental activities (Statement B)</b>	<b><u><u>\$115,025</u></u></b>

The accompanying notes are an integral part of this statement.

**FRANKLIN PARISH LIBRARY**  
**Winnsboro, Louisiana**

**Notes to the Financial Statements**  
**As of and For the Year Ended December 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Franklin Parish Library was established by the Franklin Parish Police Jury, under the provisions of Louisiana Revised Statute 25:211. The library provides citizens of the parish access to library materials, books, magazines, records, and films. The library is governed by a board of control which is appointed by the parish police jury in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the board of control serve without compensation.

The accompanying financial statements of the Franklin Parish Library have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments*, issued in June 1999.

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Franklin Parish Police Jury is the financial reporting entity for Franklin Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Franklin Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or

## FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

### Notes to the Financial Statements (Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
- 2 Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the library board of control and the library provides services to all residents of Franklin Parish, the Franklin Parish Library was determined to be a component unit of the Franklin Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the library and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

#### **B. BASIC FINANCIAL STATEMENTS- GOVERNMENT-WIDE STATEMENTS**

The library's basic financial statements include both government-wide (reporting the library as a whole) and fund financial statements (reporting the library's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the library are classified as governmental.

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the library.

In the Statement of Net Assets, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net assets are reported in three parts; invested in capital assets, net of any related debt; restricted net assets; and unrestricted net assets. The library first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized

## FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

### Notes to the Financial Statements (Continued)

when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the library's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the library's general revenues.

**Allocation of Indirect Expenses** - The library reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

### C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the library are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the library. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service

## FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

### Notes to the Financial Statements (Continued)

charges or user fees. Fiduciary funds are used to account for assets held for others. The library's current operations require only the use of governmental funds (General Fund) Revenues of the General Fund include ad valorem taxes, state revenue sharing, fees, fines and forfeitures, and interest earnings. General operating expenditures are paid from this fund.

#### **D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

##### **1. Accrual:**

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

##### **2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**FRANKLIN PARISH LIBRARY**

Winnsboro, Louisiana

**Notes to the Financial Statements (Continued)**

**Revenues**

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Fees, fines, and forfeitures are recorded when the library is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, ad valorem taxes, state revenue sharing, and fees, fines, and forfeitures have been treated as susceptible to accrual.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**E. CASH AND CASH EQUIVALENTS**

Under state law, the library may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2011, the library has cash and cash equivalents (book balances) totaling \$335,115.

Demand deposits	\$148,790
Petty cash	186,250
Time deposits	<u>75</u>
Total	<u><u>\$335,115</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or

**FRANKLIN PARISH LIBRARY**

Winnsboro, Louisiana

**Notes to the Financial Statements (Continued)**

the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2011, are secured as follows:

Bank balances	<u>\$281,338</u>
Federal deposit insurance	\$281,338
Pledged securities (uncollateralized)	<u>460,177</u>
Total	<u>\$741,515</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the library, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106. However, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the library that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the library's name.

**F. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The library maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the library, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana  
Notes to the Financial Statements (Continued)

**G. ANNUAL AND SICK LEAVE**

Employees receive from four to twenty-two days of vacation leave each year, depending on length of service and professional status. Sick leave is earned at the rate of twelve days each year and employees may accumulate sick leave not to exceed thirty-six days. Upon separation of service, employees are compensated for accumulated vacation leave up to a maximum of five days, but are not compensated for sick leave. Full-time employees receive one day per quarter for personal leave.

At December 31, 2011, employees of the library have accumulated and vested \$1,465 of employee leave benefits, computed in accordance with GASB Codification Section C60. This amount is recorded as a general long-term obligation in the accompanying financial statements.

**H. RISK MANAGEMENT**

The library is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the library maintains a commercial insurance policy covering property, general liability, employee fidelity, and workmen's compensation. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2011.

**2. LEVIED TAXES**

The ad valorem tax millage levied by the library was 7.34 mills for the year ended December 31, 2011. The authorized millage for the year ended December 31, 2011, was 7.53 mills for the year. The current tax expires in 2020. The difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2011 assessed valuation:

	2011 Assessed Valuation	Percent of Total Assessed Valuation
Regency Intrastate	\$9,037,511	9.33%
Entergy Louisiana, Inc.	2,978,260	3.07%
ETC Tiger Pipeline, LLC	2,580,670	2.66%
Tennessee Gas Pipeline Co	1,670,340	1.72%

FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana  
Notes to the Financial Statements (Continued)

	2011 Assessed Valuation	Percent of Total Assessed Valuation
Columbia Gulf Transmission	\$1,589,170	1.64%
Northeast Louisiana Power	1,521,770	1.57%
ANR Pipeline Company	1,265,640	1.31%
Winnsboro State Bank	1,210,913	1.25%
Precision Drilling Co.	1,135,700	1.17%
Bellsouth Telecommunications	1,126,730	1.16%
<b>Total</b>	<b><u>\$24,116,704</u></b>	<b><u>24.88%</u></b>

### 3. RECEIVABLES

The General Fund receivables of \$486,619 at December 31, 2011, are as follows:

<u>Class of receivables:</u>	
Taxes - ad valorem	\$447,186
Intergovernmental revenues - state revenue sharing (net)	<u>39,433</u>
<b>Total</b>	<b><u>\$486,619</u></b>

### 4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2011, follows:

	Balance at January 1,	Additions	Deletions	Balance at December 31,
Building	\$328,583			\$328,583
Furniture and equipment	248,003	\$3,156		251,159
Library materials	698,109	41,436	(\$19,180)	720,365
Automation	241,957			241,957
<b>Total Capital Assets</b>	<b><u>1,516,652</u></b>	<b><u>44,592</u></b>	<b><u>(19,180)</u></b>	<b><u>1,542,064</u></b>
Less accumulated depreciation	<u>(506,513)</u>	<u>(17,378)</u>	<u>NONE</u>	<u>(523,891)</u>
<b>Net Capital Assets</b>	<b><u>\$1,010,139</u></b>	<b><u>\$27,214</u></b>	<b><u>(\$19,180)</u></b>	<b><u>\$1,018,173</u></b>

The library has elected not to depreciate library materials

**FRANKLIN PARISH LIBRARY**  
Winnsboro, Louisiana  
Notes to the Financial Statements (Continued)

**5. PENSION PLAN**

Substantially all employees of the Franklin Parish Library are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the library are members of Plan A.

All permanent employees working at least twenty-eight hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 per cent of final-average salary for each salary for each year of service credited after the revision date. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.50 per cent of their annual covered salary and the Franklin Parish Library is required to contribute at an actuarially determined rate. The current rate is 15.75 per cent of annual covered payroll. Contributions to the system also include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Franklin Parish Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Franklin Parish Library's contributions to the System under Plan A for the years ending December 31, 2011, 2010, and 2009, were \$28,744, \$30,675 and \$19,395, respectively, equal to the required contributions for each year.

FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana  
Notes to the Financial Statements (Continued)

**6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS -  
COMPENSATED ABSENCES PAYABLE**

Long-term obligations at January 1, 2011	\$1,855
Additions	7,537
Deletions	(7,927)
Adjustments <sup>1</sup>	<u>NONE</u>
Long-term obligations at December 31, 2011	<u>\$1,465</u>

<sup>1</sup>As discussed in note 1G, upon separation from employment, employees are paid for accumulated leave at their current rate of pay. The adjustment is for the purpose of adjusting amounts for annual leave resulting from the differences between beginning and ending rates of pay.

**7. LITIGATION AND CLAIMS**

The Franklin Parish Library is not involved in any litigation at December 31, 2011, nor is it aware of any unasserted claims.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**FRANKLIN PARISH LIBRARY**  
Winnsboro, Louisiana

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
For the Year Ended December 31, 2011

	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes - ad valorem	\$440,000	\$516,053	\$76,053
Intergovernmental revenues -			
State revenue sharing	38,000	39,433	1,433
Fees and charges for library services	4,500	4,947	447
Fines and forfeitures	4,300	6,667	2,367
Use of money and property - interest earnings	3,500	3,566	66
Other revenues	5,000	4,275	(725)
Total revenues	<u>495,300</u>	<u>574,941</u>	<u>79,641</u>
<b>EXPENDITURES</b>			
Culture and recreation:			
Current:			
Personal services and related benefits	325,779	312,237	13,542
Operating services	81,380	74,919	6,461
Materials and supplies	15,000	19,104	(4,104)
Travel and other charges	1,541	1,625	(84)
Capital outlay	53,100	44,592	8,508
Intergovernmental	18,500	15,863	2,637
Total expenditures	<u>495,300</u>	<u>468,340</u>	<u>26,960</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	NONE	106,601	106,601
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	NONE	647,259	647,259
<b>FUND BALANCE AT END OF YEAR</b>	NONE	<u>\$753,860</u>	<u>\$753,860</u>

See accompanying note to budgetary comparison schedule.

**FRANKLIN PARISH LIBRARY**  
**Winnsboro, Louisiana**

**NOTE TO BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended December 31, 2011**

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Franklin Parish Library during the month of December for comments from taxpayers. The budget is then legally adopted by the board and amended during the year, as necessary. The budget is established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts.

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
PART IV**

**Independent Auditor's Report Required  
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**MARY JO FINLEY, CPA, INC.**

*A PROFESSIONAL CORPORATION*

116 Professional Drive - West Monroe, LA 71291

Phone (318) 329-8880 - Fax (318) 329-8883

**Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance *Government Auditing Standards***

FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana

I have audited the basic financial statements of the Franklin Parish Library, as of and for the year ended December 31, 2011 and have issued my report thereon dated April 25, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Franklin Parish Library's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Franklin Parish Library's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Franklin Parish Library's internal control over financial reporting.

*A deficiency in internal control* exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.


My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
December 31, 2011

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Franklin Parish Library's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Franklin Parish Library, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24.513(G), this report is distributed by the Legislative Auditor as a public document.



West Monroe, Louisiana  
April 25, 2012

**FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana**

**Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2011**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Franklin Parish Library.
2. No instances of noncompliance material to the financial statements of the Franklin Parish Library were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**FRANKLIN PARISH LIBRARY  
Winnsboro, Louisiana**

**Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2011**

**There were no findings reported in the audit report for the year ended December 31, 2010.**